

THE WHITE HOUSE  
WASHINGTON

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December 26, 1973

DOS REVIEWED 09-Mar-2011: NO OBJECTION TO DECLASSIFICATION.

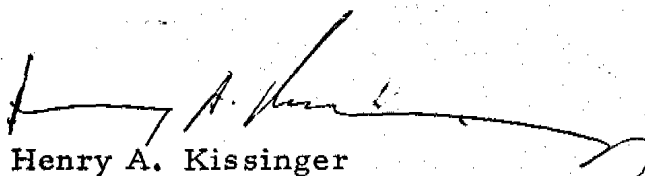
MEMORANDUM FOR

THE SECRETARY OF DEFENSE

SUBJECT: Sale of US Enrichment Services for  
UK Military Reactors

After considering your proposal for requiring the United Kingdom to barter plutonium for US uranium enrichment services to fuel their submarine reactors, the President has determined it advisable to conclude this contract promptly on a sale basis.

This view is based, among other factors, on the awareness of the difficulty the barter proposal presents to the UK; on the status of the general uranium enrichment issue in our proposed cooperative energy initiative; on the potential relationship of this issue to our recent policy toward sale of highly enriched uranium for civil use (NSDM 235); and, finally, on recognition of some Congressional opposition to barter and the possible impact of that opposition on our current desire to reaffirm Article III bis of the US/UK Mutual Defense Agreement.

  
Henry A. Kissinger

cc: Chairman, U.S. Atomic Energy Commission

REFER TO DOE

REFER TO DOS

OSD REVIEWED 08-Mar-2011: NO OBJECTION TO DECLASSIFICATION.

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DOE Reviewed 13 Sep 11: No objection to declassification

MEMORANDUM

URGENT ACTION - 6737

## NATIONAL SECURITY COUNCIL

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December 21, 1973

MEMORANDUM FOR: SECRETARY KISSINGER

FROM: DAVID D. ELLIOTT *D.E.*

SUBJECT: UK Request for Uranium to Fuel  
Nuclear Submarine Reactors

Under the 1969 amendment to the US/UK Mutual Defense Agreement (MDA) we agreed to sell enrichment services for uranium to fuel UK nuclear submarine reactors.

The first contract provides for 300 kilograms of highly enriched uranium per annum for four years, beginning in 1973. The contract has to be concluded by December 31 if the first annual delivery is to be made. The UK has shipped the uranium to be enriched to the US in anticipation of a routine conclusion of the contract.

Executive Order 10841 gives the AEC and DOD joint responsibility for determining that each specific arrangement under the MDA would promote and would not constitute an unreasonable risk to the common defense and security.

Secretary Schlesinger has declined (personally) to make an affirmative determination in this case unless the contract is altered to require barter payment, i. e., UK plutonium metal rather than money. He invokes as precedent the long standing barter arrangement for weapon materials with the UK. There are no specific DOD requirements for obtaining additional plutonium, but Secretary Schlesinger apparently believes it would generally be useful to have more plutonium (irrespective of whether it upsets the UK).

The AEC contends that the MDA provides for sale and not barter of military reactor fuel. Therefore, if we wish to barter, AEC believes we would have to seek Joint Committee on Atomic Energy (JCAE) concurrence to amend the MDA. There is JCAE opposition to barter (it would presumably displace some employment in the plutonium production facility in Senator Jackson's state.)

To resolve the AEC-DOD standoff, Secretary Schlesinger presented the case to you in a recent discussion and understands he has your approval for his position. It may be desirable to reexamine your support in light of the following factors:

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- The UK has informed the AEC that the UK does not have enough plutonium to cover this barter and that, if we insist on barter, they would wait until their gas centrifuge facility is completed and perform their own enriching services. If so, we would have lost the sale, stimulated the UK's independent centrifuge program, and called into question our good faith regarding the MDA.
- The President just approved NSDM 235, under which we are prepared to sell highly enriched uranium in Europe for civil power reactors under appropriate constraints. Our lack of consistency in selling uranium for civil reactors but requiring barter for the same material when shipped to military reactors seems fairly apparent.
- We are currently dealing on several levels with Europe on the subject of uranium enrichment (which you singled out in your Pilgrims speech for special consideration as an area of cooperation). It would seem counter productive to these efforts if we were now perceived as being petty or arbitrary in treating any aspect of the uranium issue.
- Now before you is a proposal to indicate U.S. willingness to reaffirm the relevant Article of the MDA, which expires in 1974. If we place the barter proposition before the JCAE at the same time, it is expected that some of the support for this reaffirmation will be lost.
- If we need more military plutonium we can make it ourselves.

We recommend that you sign the attached memorandum to Secretary Schlesinger (Tab A) indicating a reconsideration on your part of his proposal for bartering our enrichment services for UK plutonium metal, and instead supporting the concept of outright sale.

Hal Sonnenfeldt (Denis Clift for) concurs.

RECOMMENDATION:

That you sign the memorandum at Tab A.

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